

## **FISCAL NOTE**

### **SB 3930 - HB 4048**

March 23, 2006

**SUMMARY OF BILL:** Extends the definition of “dealer” as it applies to the taxation of unauthorized substances, to include any person actually or constructively possessing one or more marijuana plants. Enacts new method for calculating the current unauthorized substances tax (UST) on the seizure of marijuana. Requires state and local law enforcement agencies to include weight of any unauthorized substance, as well as the number of any marijuana plants seized, within their report to the Commissioner of the Department of Revenue (DOR). Requires any obligated member entity (OME), not otherwise subject to excise tax, to pay a 6.5% excise tax on any gain from the sale of any asset when such OME qualified for an excise tax exemption during the 12-month period immediately prior to the sale. Exempts limited partnerships (LP) or limited liability companies (LLC), organized exclusively for the purpose of providing affordable housing, from paying the aforementioned excise tax.

#### **ESTIMATED FISCAL IMPACT:**

**Increase State Revenues – Not Significant**  
**Decrease State Expenditures – Not Significant**

**Increase Local Govt. Revenues – Not Significant**  
**Decrease Local Govt. Expenditures – Not Significant**

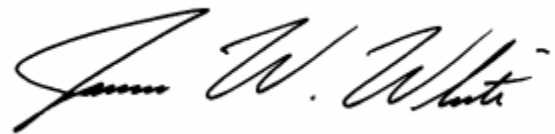
#### **Assumptions:**

- According to the DOR, this bill is a technical corrections bill that (1) authorizes a more convenient way of calculating the current UST on the seizure of marijuana, and (2) changes the type of businesses that are required to pay excise tax on gains derived from the sale of assets.
- The current UST for marijuana is levied based on weight. Authorizing a calculation based on the number of plants seized, in addition to weight, will allow law enforcement agencies more convenient means of assessing the tax. As a result, state and local government expenditures could decrease. These decreases are estimated to be not significant.

- Levying the UST at \$350 per marijuana plant, in lieu of a levy based on weight (\$3.50 per gram), could generate some incremental revenue to state and local governments. Assuming the new method allows an alternative way of calculating the existing tax, any incremental revenue is estimated to be not significant.
- The levying of the excise tax on OME, in lieu of LP or LLC that are organized for providing affordable housing, is estimated to have an offsetting impact.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director